

VZCZCXR07519
PP RUEHFK RUEHKSO RUEHNAG RUEHNH
DE RUEHKO #1925/01 1000825

ZNR UUUUU ZZH
P 100825Z APR 06
FM AMEMBASSY TOKYO
TO RUEHC/SECSTATE WASHDC PRIORITY 0744
INFO RUEKJCS/SECDEF WASHDC PRIORITY
RHEHAAA/THE WHITE HOUSE WASHINGTON DC PRIORITY
RUEAWJA/USDOJ WASHDC PRIORITY
RULSDMK/USDOT WASHDC PRIORITY
RUCPDOC/USDOC WASHDC PRIORITY
RUEAIIA/CIA WASHDC PRIORITY
RUEKJCS/JOINT STAFF WASHDC//J5//
RHHMUNA/HQ USPACOM HONOLULU HI
RHHMHBA/COMPACFLT PEARL HARBOR HI
RHMFIUU/HQ PACAF HICKAM AFB HI//CC/PA//
RHMFIUU/COMUSJAPAN YOKOTA AB JA//J5/JO21//
RUYNAAAC/COMNAVFORJAPAN YOKOSUKA JA
RUAYJAA/COMPATWING ONE KAMI SEYA JA
RUEHNH/AMCONSUL NAHA 8234
RUEHFK/AMCONSUL FUKUOKA 5599
RUEHOK/AMCONSUL OSAKA KOBE 8774
RUEHNAG/AMCONSUL NAGOYA 5595
RUEHKSO/AMCONSUL SAPPORO 6783
RUEHB/AMEMBASSY BEIJING 1625
RUEHUL/AMEMBASSY SEOUL 7800
RUCNDT/USMISSION USUN NEW YORK 9709

UNCLAS SECTION 01 OF 13 TOKYO 001925

SIPDIS

SIPDIS

DEPT FOR E, P, EB, EAP/J, EAP/P, EAP/PD, PA
WHITE HOUSE/NSC/NEC; JUSTICE FOR STU CHEMTOB IN ANTI-TRUST
DIVISION; TREASURY/OASIA/IMI/JAPAN; DEPT PASS USTR/PUBLIC AFFAIRS
OFFICE; SECDEF FOR JCS-J-5/JAPAN,
DASD/ISA/EAPR/JAPAN; DEPT PASS ELECTRONICALLY TO USDA
FAS/ITP FOR SCHROETER; PACOM HONOLULU FOR PUBLIC DIPLOMACY
ADVISOR; CINCPAC FLT/PA/ COMNAVFORJAPAN/PA.

E.O. 12958: N/A

TAGS: [OIIP](#) [KMDR](#) [KPAO](#) [PGOV](#) [PINR](#) [ECON](#) [ELAB](#) [JA](#)

SUBJECT: DAILY SUMMARY OF JAPANESE PRESS 04/10/06-3

INDEX:

(30) Okinawa Gov. Inamine has to make tough choice on Futenma relocation

(31) Why is Futenma relocation difficult? Greatest attention focused on local consent

(32) Editorial - fresh agreement on Futenma relocation; Okinawa Prefecture should look for a pragmatic response

(33) Editorial: Inamine must cooperate on Nukaga-Shimabukuro agreement

(34) Editorial: Government must steadily advance Futenma relocation work

(35) Editorial: Government must take Nago's decision on Futenma relocation to heart

(36) What are the conditions for withdrawal of GSDF troops from Iraq? A clear roadmap for next round of assistance essential; Security operations, reconstruction assistance in southern Iraq to enter next stage shortly 8

(37) US force realignment following a wild path (Part 2): Toxic agents and use of vacated land

(38) Vertically segmented society: Origin of income disparity; "Gaiatsu" pressure for reform; Japanese side takes advantage of

shared interests with US

ARTICLES:

(30) Okinawa Gov. Inamine has to make tough choice on Futenma relocation

ASAHI (Page 1) (Slightly abridged)
April 9, 2006

Soon after 2:00 p.m. on April 8 at the Defense Agency, after a meeting with Defense Director General Fukushiro Nukaga, Okinawa Gov. Kenichi Inamine chose his words carefully and spoke slowly: "I respect Nago City's decision. However, the prefectural government will maintain its own position." He talked in his usual style, but in a harsh tone.

Over the relocation of the US Marine Corps' Futenma Air Station (located in Ginowan City), the main issue of the realignment of US forces in Japan, Nukaga and Nago City Mayor Yoshikazu Shimabukuro agreed to build two runways in a V-shape, changing the Futenma relocation plan agreed on last October between the governments of Japan and the United States. Inamine, however, indicated that the Okinawa prefectural government would continue to call for relocating the Futenma base to an offshore airfield to be built on a reclaimed land and oppose the V-shaped runway plan. In order to implement the plan agreed by Nukaga and Shimabukuro, it is absolutely necessary to secure approval from the governor, who has authority over sea-floor reclamation. Inamine's opposition, therefore, has some degree of the weight for the central government.

Inamine has also said that he would continue discussions with the
TOKYO 00001925 002 OF 013

central government, since if he discontinues the dialogue, he would lose the means to realize Okinawa's view.

When Inamine accepted the 1999 Futenma relocation plan, he set two conditions: a 15-year limit on the use of the replacement facility and joint civilian-military use.

There are no signs that Tokyo and Washington discussed those two conditions during negotiations on the replacement plan agreed last October. Inamine intends to ask the government whether it will make efforts to realize the 15-year limit and whether it will consider promotion measures in place of the joint military-civilian use.

Since the plan to build an alternative air station on the coast of Camp Schwab was decided on last year, different plans were worked out in Okinawa. One of the plans was to relocate tentatively only the heliport facility to the land in Henoko, building a helipad. The plan would eliminate the danger from the areas surrounding the Futenma base, as well as reduce the levels of noise and risk. If the helipad plan is realized, the alternative air station will be greatly scaled down.

Inamine has not mentioned anything about his course of action after his tenure in office expires in December. If a potential successor advocates the helipad plan in the fall gubernatorial election and if that candidate wins the race, the helipad plan will become the will of the Okinawa people. This is a scenario envisioned by senior Okinawa government officials.

However, Nago City has already agreed with the central government. The prefectural government, therefore, has begun to feel pressed. A senior Okinawa government official commented on the night of April 7: "The governor is now facing a crucial moment. We have to review our strategy. I wonder whether we should take the V-shaped heliport plan seriously."

Shimabukuro held a press conference on the night of April 7 in Nago City. Asked about whether the agreement with the central government violated his campaign pledge, the mayor responded, "Yes, it does." He has searched for dialogue with the central

government since he was elected as mayor of Nago in January. He has a different policy stance from Inamine, who has called for the offshore air station plan. He had sought a substantial change, but he accepted the plan to relocate the Futenma similar to the offshore plan.

If a mood of accepting the V-shape heliport plan spreads in Nago City, obstacles outside the prefecture will disappear. Therefore, Vice Governor Hirotaka Makino warned Nago Deputy Mayor Suematsu not to make any easy concessions.

Inamine himself cannot see how far he will be able to maintain a hard-line stance. In order to meet with Prime Minister Junichiro Koizumi, Shimabukuro and the heads of towns and villages around Nago City were waiting at the Defense Agency for Inamine, who was holding talks with Nukaga. Inamine, however, headed for Haneda Airport, after saying, "I cannot meet the prime minister at present."

(31) Why is Futenma relocation difficult? Greatest attention focused on local consent

TOKYO 00001925 003 OF 013

ASAHI (Page 33) (Full)
April 7, 2006

Question: We have recently often heard about Futenma in news reports, haven't we?

Answer: It's the US Marines Futenma Air Station in Okinawa Prefecture. The United States has promised to return it to Japan. So the Japanese government and Nago City have been conducting last-minute negotiations on the relocation of the Futenma base.

Question: Why did the United States decide to return Futenma airfield to Japan?

Answer: Futenma is located in the middle of Ginowan City, accounting for about 25% of the city's total area. There are residential areas and schools around the base. Residents have pointed out the risk of accidents and noise. The agreement on the return of the airfield was reached in a meeting between Prime Minister Ryutaro Hashimoto and President Bill Clinton ten years ago.

As a condition for the return of Futenma airfield, the Japanese government decided to relocate it to an offshore airfield to be built on reclaimed land off Nago City. Okinawa Prefecture and Nago City at one point accepted the government's plan. However, the offshore airfield plan spurred vehement opposition from conservation groups, because dugongs inhabit waters where the government planned to build the alternative air station. The government was unable to move forward with the plan. Okinawa residents have criticized the central government for trying to relocate the base within Okinawa. Okinawa hosts about 75% of US bases in Japan.

Question: Has Futenma Air Station been used since then?

Answer: Yes. In the summer two years ago, a US military helicopter crashed into a university adjacent to the base. What Okinawa residents were concerned about became a reality. As a result, there were increasing calls for the return of Futenma.

Question: Therefore, the government started discussing Futenma relocation again.

Answer: The discussion coincided with US President George W. Bush's decision to review the locations of US bases worldwide in dealing with terrorism. The Japanese and US governments have decided to relocate Futenma as part of the global transformation of US forces. Tokyo and Washington last fall worked out a plan to relocate the Futenma Air Station to the coast of Camp Schwab.

Question: Is the plan likely to follow that line?

Answer: No. Although the Japanese government agreed on the plan with the US administration, it did not give Okinawa Prefecture and Nago City full explanations on the plan. The US thinks that obtaining local consent is important for the stable use of the alternative air station. Futenma relocation is a symbol for whether the realignment of US forces will come out well.

(32) Editorial - fresh agreement on Futenma relocation; Okinawa Prefecture should look for a pragmatic response

TOKYO 00001925 004 OF 013

SANKEI (Page 2) (Full)
April 9, 2006

The decade-old outstanding issue between Japan and the United States of the relocation of the US military's Futenma Air Station has achieved major progress toward a resolution, as Defense Agency (JDA) Director-General Fukushiro Nukaga and Mayor Yoshikazu Shimabukuro of Nago City, which is expected to provide the relocation site, agreed on the evening of April 7 on a plan to construct two runways in a V-shape in order to exclude residential areas from flight paths.

Although coordination with the Okinawa government still remains on the central government side, this agreement has evidently removed a major obstacle standing in the way of the efforts by Japan and the US to reach a final agreement on the realignment of the US forces in Japan. We give high marks to both the JDA, which managed to bring about an accord while paying close attention to such factors as the safety of residents, as well as Nago City's pragmatic decision that has come from its attitude of emphasizing co-existence with the base.

Japan and the United States agreed to come up with a final agreement on the US force realignment before the end of March, but they failed to meet the deadline. One reason is perhaps due to the Futenma issue, and the other is because of the deep gulf over how to share the costs of the relocation of US Marines from Okinawa to Guam. In order to uphold and boost the Japan-US alliance, the governments of the two countries must resolve the remaining pending issues swiftly in a way that will be acceptable to both sides' peoples.

Unless Japan and the US work together to deal with new threats, such as international terrorism and the proliferation of weapons of mass destruction, in addition to a rising China on the military front and North Korea's nuclear ambitions, Japan cannot secure its own peace and safety.

The basic agreement between the central government and Nago City specifies that the central government should get approval from Okinawa Prefecture, as well as all affected municipalities in the prefecture.

In particular, reclaiming land from the sea for the relocation requires permission from the governor in accordance with the Law on Reclaiming Publicly Owned Waters. How Okinawa Prefecture will respond to the agreement is therefore drawing attention. Okinawa Gov. Keiichi Inamine yesterday met with Nukaga and reiterated that his prefectoral government would firmly maintain its previous position, even though he respects Nago City's decision.

The previous position means that the prefectoral government has accepted the initial plan to relocate Futenma to site offshore from the Henoko district on the condition that a new facility should be available to both the military and the private sector and that the term of the use of a new facility should be limited to 15 years. The governor raises an objection to the agreement this time, citing its lack of consideration of these conditions.

But Inamine derailed the initial plan due to the fact that his campaign pledge guaranteeing a 15-year limit on the use of the alternate facility was not accepted. He insists on the initial plan, but that plan does not exist anymore.

The relocation of Futenma is linked to a reduction of 8,000 Marines and the return of US military facilities located in the southern part of the prefecture. Inamine also values the relocation itself in view of alleviating the burden on Okinawa. Given all this, he is indeed required to make a pragmatic response.

(33) Editorial: Inamine must cooperate on Nukaga-Shimabukuro agreement

NIHON KEIZAI (Page 2) (Full)
April 9, 2006

An agreement has been reached between Defense Agency Director General Fukushiro Nukaga and Nago Mayor Yoshikazu Shimabukuro on a plan to construct two runways for the planned relocation of the US Marine Corps' Futenma Air Station. The plan designed to build two separate runways -- one for takeoffs and the other for landings -- is intended to reduce noise for the concerned communities.

Upon being briefed on the plan by Nukaga, Okinawa Gov. Keiichi Inamine expressed opposition. As governor of Okinawa, Inamine is in a position to swiftly eliminate dangers associated with Futenma Air Station. He must cooperate with the central government and Nago without worrying about losing face.

Prior to the production last October of a Japan-US interim report, the Defense Agency proposed an inland plan, while Nago and the US military called for a reef plan. The inland plan, which would make it easy to block demonstrators, attached importance to the ease of construction, whereas the reef plan gave priority to usability, including the noise level. The reef plan was reportedly able to generate tremendous economic benefits as well.

The Japan-US interim report specified a plan combining the inland and offshore plans. Shimabukuro did not support this plan when he ran in the Nago mayoral race in January. But his campaign pledge to hold talks with the central government if it was able to come up with a convincing plan won him the post. Nukaga and Shimabukuro held talks on an extension of this policy line and revised the relocation plan in compliance with local requests.

But the agreement sparked criticism in Okinawa. The Ryukyu Shimpo, for instance, knocked it as a "cheap trick" on April 8. Such a reaction is natural from the position calling for moving Futenma Air Station out of Okinawa. What is most important is to make efforts to swiftly eliminate dangers associated with Futenma Air Station being surrounded by residential areas. To that end, Nukaga and Shimabukuro repeatedly held talks. A joint press conference held by the defense chief and Nago mayor was epochal in view of the past sense of distrust between Tokyo and Okinawa.

The agreement between the central government and Nago could put Gov. Inamine in a difficult position; Inamine was elected in 1998 on a pledge to realize a military-civilian airport that the US military could use for up to 15 years. Meeting with US resistance, the 15-year proposal has substantially delayed the realization of the Futenma relocation plan. Operation of civilian planes at Nago, about an hour's drive from Naha, would end up creating another unprofitable local airport.

TOKYO 00001925 006 OF 013

Some members in Okinawa connected with the Liberal Democratic Party are supportive of the Nukaga-Shimabukuro agreement. Cooperating for the agreement is a proper step, not a violation of a public pledge. Face-saving resistance would only help the current trend of permanent base arrangements in Japan. It was ten years ago, in 1996, that Tokyo and Washington reached an

agreement to return Futenma Air Station to Japan in five to seven years. The Futenma relocation must not be deferred any further.

The agreement between Tokyo and Nago would result in major public works projects in Okinawa under the supervision of the organization that will take over the Defense Facilities Administration Agency. It is necessary to keep a closer watch to make certain that taxpayer's money would not be wasted by bid rigging and other practices.

(34) Editorial: Government must steadily advance Futenma relocation work

YOMIURI (Page 3) (Full)
April 8, 2006

A settlement has been finally reached on the issue of relocating the US Marine Corps' Futenma Air Station in Ginowan to the coastline of Camp Schwab in Nago.

Giving utmost consideration to controlling noise pollution, the central government proposed adding one more runway to the Camp Schwab plan, and the Nago municipal government accepted the proposal yesterday.

The relocation of the heliport functions of Futenma is a symbolic measure in the realignment of US forces in Japan. The government must swiftly translate the relocation plan into practice upon obtaining local communities' agreement, even from the viewpoint of stabilizing and strengthening the Japan-US alliance.

In the final report of the Special Action Committee on Okinawa (SACO) in 1996, the Japanese and US governments agreed to relocate Futenma Air Station to reclaimed land off the Henoko district of Nago. In the face of opposition from local residents, however, the government was unable to implement the plan, with no progress made even on the environmental impact assessment.

This time, the US, dissatisfied with the present situation, urged Japan to realize the coastal plan under the context of reorganizing US forces in Japan. If Japan fails again to resolve the impasse on the relocation issue, the relationship of trust between Japan and the US, the foundation of their alliance, will unavoidably be undermined.

The relocation of Futenma functions will put a heavy burden on the Nago municipal and nearby local governments.

On this issue, Okinawa Governor Keiichi Inamine has expressed his opposition to the government's plan. When he accepted the plan, Inamine attached such conditions as joint use of the base as a military-civilian airport and a 15-year time limit. His opposition supposedly reflects his reaction to the absence of his requests in the government's plan.

Uncertainty is now looming large over the security environment in
TOKYO 00001925 007 OF 013

the region, given China's military buildup and other elements. In promoting US force realignment in Japan, the Pentagon has kept in mind the threat posed by the "arc of instability," an area stretching from Northeast Asia to the Middle East. Given the situation, the presence of US military bases in Okinawa is becoming more important.

With a 15-year time limit, it would be impossible to cope with changes in the security situation in the region, and the peace and national security of Japan might be negatively affected.

Soliciting agreement from local communities on the Futenma relocation plan is a precondition for the proposed transfer of about 8,000 US Marines from Okinawa to Guam. The Guam transfer plan should also be desirable for Governor Inamine, because the plan will lead to reducing the security burden on Okinawa.

With the deal between the central government and the Nago

municipal government, the Futenma relocation plan has taken a step forward.

However, such plans as relocating a carrier-based air wing now stationed at the Atsugi base in Kanagawa Prefecture to the US Marine Corps' Iwakuni Air Base in Yamaguchi Prefecture, as well as transferring aerial tankers from Futenma Air Station to Kanoya Base in Kagoshima Prefecture, have been left unsolved.

In order to strengthen the Japan-US alliance for the sake of maintaining peace in Japan and the region, the government must step up efforts to resolve the problems at an early date on its own responsibility.

(35) Editorial: Government must take Nago's decision on Futenma relocation to heart

MAINICHI (Page 5) (Full)
April 9, 2006

The planned relocation of the US Marines' Futenma Air Station, one of the thorniest issues in the realignment of US forces in Japan, has finally taken a step toward settlement.

As a result of their talks, Defense Agency Director General Fukushiro Nukaga and Nago Mayor Yoshikazu Shimabukuro signed an agreement April 7 to build two runways in a V-shape at the planned relocation site on the coastline of Camp Schwab.

Although Nukaga decided to accommodate Nago's wishes to remove residential areas from the envisioned flight path, he did not agree to its call for moving the runway over 400 meters offshore.

Shimabukuro made an anguished decision. His decision may draw fire from local municipalities in Okinawa. The government must take Shimabukuro's decision seriously.

Nukaga also met with Okinawa Gov. Keiichi Inamine April 8, and the governor reiterated his opposition to the revised plan while indicating that he would respect Nago's independent decision. The focus will now shift to the central government's efforts to convince the Okinawa prefectural government.

The danger of aircraft accidents has long been mentioned regarding Futenma Air Station, which sits in the middle of

TOKYO 00001925 008 OF 013

residential areas in Ginowan. Okinawa cannot afford to leave the Futenma relocation issue unaddressed. Despite the Japan-US agreement, the issue has been in limbo over the last decade.

The Futenma relocation plan was triggered by the 1995 schoolgirl rape. In 1996, the Special Action Committee on Okinawa (SACO) produced its final report specifying the relocation of Futenma Air Station. In 1999, a decision was made to build a sea-based airport off Henoko in Nago by reclaiming land.

But Inamine advocated a joint military-civilian airport that the US military could use for up to 15 years. The Futenma relocation plan essentially went down the drain due to an anti-base movement and other factors.

Building an offshore airport on reclaimed land would be tremendously beneficial to the local economy, but it might have a serious adverse impact on the natural environment. Anti-base demonstrations at sea may also force the government to temporarily halt construction work for building a sea-based airport.

In restudying the Futenma relocation plan, the government gave high priority to feasibility and consequently came up with the Camp Schwab coastal plan. The government also explained that the relocation to Camp Schwab, an existing US base, would not result in another US base in the prefecture.

But many residents in Okinawa, which hosts the bulk of US bases

in Japan, are still calling for removing the air station from their prefecture. Although Shimabukuro's decision may come under fierce fire, he should offer a thorough explanation to the local residents and persistently convince anti-relocation residents.

Needless to say, the responsibility for US force realignment rests entirely on the central government. The government is to blame for a number of mistakes, such as its failure to offer sufficient explanations to concerned local municipalities at an early stage. There is every reason for the central government to come up with measures to revitalize the economy of Okinawa, which lies under a heavy base burden.

Tokyo and Washington failed to produce their final US force realignment report in late March, as planned. Now that the agreement has been reached with Nago on the Futenma relocation plan, the government should devote all its efforts to addressing the remaining challenges to obtain national understanding.

(36) What are the conditions for withdrawal of GSDF troops from Iraq? A clear roadmap for next round of assistance essential; Security operations, reconstruction assistance in southern Iraq to enter next stage shortly

YOMIURI (Page 11) (Abridged)
April 6, 2006

Commentary

By Hidemichi Katsumata

There is a lot of speculation about the timing of a pullout of Ground Self-Defense Forces (SDF) troops from Iraq. What are the conditions for the withdrawal?

TOKYO 00001925 009 OF 013

The initial outlook for the withdrawal was that preparations would be started in late March and the pullout will be completed before the end of May. Later, the timing was changed to preparations in April and a pullout in June. Now again, the timing has become increasingly opaque. "It may slip to this fall," Foreign Minister Aso said.

The outlook for withdrawal preparations in late March was based on the record high voter turnout of the national assembly elections in Iraq late last year, which was viewed as the last event in the completion of the political process in that country. With the elections participated in by both the majority Shiites and the minority Sunnis, there was optimism that a new government would be established by March.

But after the Shiite United Iraq Alliance chose a candidate for premiership in February, there was an outbreak of terrorism allegedly committed by Sunnis, and since then exchanges of attacks between the two groups have continued.

A senior Defense Agency (JDA) official said, "We hope to see major cabinet posts filled and a new government formed by mid-May." Once a new government is launched, Japan will be able to shift its ongoing assistance to full reconstruction assistance, such as by providing 3.5 billion yen in yen loans.

But is the birth of a new government a requisite for the pullout of GSDF troops?

The GSDF and the British and Australian forces have stationed their troops in Muthana Province (with a population of some 600,000) centering on Samawah in southern Iraq. The GSDF's mission is to help reconstruct Iraq, while British and Australian troops are engaged in maintaining the public safety of the province, as well as training local security forces.

Speaking of the current state in the province, a senior GSDF officer who had returned home from there gave this account: "Security operations by means of patrolling have already mainly

been turned over to Iraqi forces and police. Local security has already completed the training courses prepared by British forces at the end of February. The local Iraqi police with a strength of 6,000 have already been formed in the region." Late January, the British Defense Ministry told Japan, the United States, and Australia that it would begin pulling out its troops in March, apparently perceiving that its security mission that started during the postwar chaos was shifting to a new stage.

When it comes to how far Samawah has recovered from wartime devastation, brick and cement factories are in operation everyday, unlike two years ago, when GSDF troops set foot in the region. Late last year, a construction rehabilitation committee was set up in Muthana Province.

The GSDF has created short-term jobs in repairing public facilities, such as schools and roads, and it has consistently employed at least 1,000 local residents, but it needs to have a long-term employment program designed to hire tens of thousands in the future. "The GSDF has engaged in assistance to Iraq as the first runner of Japan, but its role is coming to a close," said a senior GSDF officer. This remark is persuasive.

TOKYO 00001925 010 OF 013

Late March, the government announced that it would provide Iraq with approximately 76.5 billion yen in loans as part of reconstruction assistance in such fields as rebuilding ports and improving electric power supply to Baghdad. This will be the first step toward Japan's full-fledged financial assistance. In this context, it seems time for the government to accept candidates for reconstruction assistance from its ministries and agencies, as well as the private sector, as the second runner following the GSDF. The Special Measures Law on Assistance to Iraq in its Article 10 states that the government should actively accept candidates for reconstruction assistance. The government should promptly sketch out what it will do after the GSDF pullout.

Japan, Britain, and Australia are "unable to pull out their troops from Iraq, because the US has yet to give them the go-ahead," according to a senior JDA official. Given the present state of Muthana Province, where full-scale reconstruction has begun, the government needs to persuade the US to issue the go-ahead, as well as clarify its roadmap for full-fledged assistance to local administrative offices in Iraq. Doing so should be a condition for the GSDF pullout.

(37) US force realignment following a wild path (Part 2): Toxic agents and use of vacated land

TOKYO SHIMBUN (Page 22) (Excerpts)
April 3, 2006

The site vacated by the US military Onna Communications, covering 63.1 hectares, is now desolate. The facilities were returned to Japan in 1995.

In 1996, polychlorinated biphenyl (PCB), hazardous waste, was found on the site. The contaminated soil and mud was stored in 700 metal drums, and the sealed drums were moved to the Self-Defense Force (SDF) base in Onna Village. The drums have yet to be removed from there.

Yasushi Yamashita, an Onna municipal government official, commented: "Besides the contamination, there is another issue of how to use the vacated site." About 400 landowners have come up with different suggestions, some calling for using their land as farmland or housing lots, and others for building lots for sale.

The Onna municipal government has looked into ways to use the site at a newly established study committee. Yamashiro said:

"Not the local government but the landowners will make a decision. But since they are getting old, an energetic discussion cannot be expected. I wonder how many more years it will take for

a conclusion."

Whenever US military facilities and areas in Okinawa are returned to Japan, the issues of environmental contamination and land use emerge as problems. Former Okinawa Governor Masahiko Ota, now a House of Councillors member, stated:

"It will take at least 10 years until a land-use plan is implemented. Meanwhile, the subsidies paid to landowners will be terminated in three years. The government might be expecting landowners to say, 'The government does not need to return our land.'"

TOKYO 00001925 011 OF 013

Japan and the US have agreed to incorporate in a final report on US force realignment in Japan an agreement on the return of military bases in the southern and central part of Okinawa, including Naha Military Port and Camp Zukeran. All local communities housing US military bases have similar problems.

In Makiminato Service Area in Ginowan City, whose return is now under consideration, a hexavalent chromium spill in the sea made headlines in 1975. Hexavalent chromium is a deadly poison.

The toxic material was generated from the car-cleaning agents brought in from Vietnam during the Vietnam War. An American soldier removed the stopper of the storage tank against the advice of Japanese base employees. Afterward, the cleaning agents were stored in drums that were piled up at the site. Later, however, they disappeared.

Takahiro Ina, an executive member of the Makiminato branch of the Union of Workers at US Military Bases in Okinawa, said: "I think the drums in question have been buried."

Ina made the above prediction in view of the facts that a Japanese government inspection of the former Camp Kuwae in Chatan in 2002 turned up metallic arsenic and hexavalent chromium from the soil and that 20 drums containing waste oil had also been found underground near a rifle range. Last February, 10,300 live shells, including rocket ammunition, were also found underground.

Article 3 of the Japan-US Status of Forces Agreement stipulates that the US may take all measures necessary for the establishment, operation, safeguarding, and control of bases. Under Clause 1, Article 4, the United States is not obligated, when it returns facilities, to restore them to the condition they were at the time they became available to the US armed forces.

Ina said: "The US military has used base facilities as they like. Even if the facilities and areas are returned to us, the burden on Okinawa will not immediately be removed."

The Japanese and US governments have agreed on a plan to reduce 8,000 Marines in Okinawa as a measure to reduce the base burden there. But Ina is skeptical of the plan's credibility.

In response to an inquiry from the Tokyo Shimbun about the total number of Marines in Okinawa, the US military command office replied, "The number is 17,000 to 18,000," but it added, "Because some have been dispatched to fight terrorism, the current number is 15,000."

It is uncertain how many Marines will be kept in Okinawa after the reduction proposal is implemented, and it is difficult to verify it.

Estimating the total cost of relocating Marines from Okinawa to Guam at about 10 billion dollars (about 1.16 trillion yen), the US has asked Japan to pay 75% of the cost. Needless to say, it will be the Japanese government's duty to clean up the contaminated soil after facilities and areas are returned to Japan.

(38) Vertically segmented society: Origin of income disparity;

"Gaiatsu" pressure for reform; Japanese side takes advantage of

TOKYO 00001925 012.2 OF 013

shared interests with US

MAINICHI (Page 2) (Full)

April 7, 2006

Twenty-seven mentally handicapped people work at "Friendly," a welfare workshop in Kitamoto, Saitama Prefecture. They are all insured through the Yamabiko Mutual Aid Society (with approximately 5,200 members), an unauthorized mutual aid association not regulated by the Insurance Business Law.

Osamu Miyamoto (22) is frequently hospitalized for pneumonia. He relies on the Mutual Aid Society to pay his hospital fees, because its premium is low. His mother Kimiko (50) noted that insurers denied him insurance just because he was mentally handicapped.

The revised Insurance Business Law stipulates that mutual aid societies should be staffed with insurance experts. The Financial Services Agency (FSA) explained that the regulation is intended to make the financial standing of mutual aid societies sound for the protection of consumers. The administrative offices of mutual aid societies are concerned that if they hire insurance experts, most of the premiums paid by policyholders will be used up to cover personnel expenses.

The FSC in January 2004 referred the possibility of regulating unauthorized mutual aid associations to the Financial Services Advisory Council along with a list of requests. The list was excerpts from the requests that insurance business organizations and the US filed with the Comprehensive Regulatory Reform Council chaired by Yoshihiko Miyauchi, chairman of Orix. In seeking regulation on mutual aid associations, the US used the strongest words: all mutual aid associations should be regulated in the same way that insurance companies are regulated. Behind this move is a sense of alarm that mutual aid associations might grab their market share.

Even Kimio Morisaki, vice chairman of the Association of Foreign Non-life Insurance Companies and an expert member of the FSC pointed out, "If such a strict regulation were adopted in a hasty manner, some might tend to suspect that the aim is to force mutual aid associations out of business."

There were already moves seen over mutual aid associations last fall. The American Chamber of Commerce and Industry (ACCI) called on the government to regulate them. The US also included this request in its annual US-Japan Enhanced Initiative on Deregulation and Competition Policy, a list of requests for deregulation to Japan.

In January 1994, President Clinton received a report from Glen S. Fukushima that stated: "The administration does not know when, how, or to what extent the US should apply pressure on Japan in order to achieve its targets most effectively without incurring opposition." According to Fukushima, the president underlined this segment of the report, jotting, "This is correct." He then reportedly ordered Secretary of State Christopher and United States Trade Representative (USTR) Kantor to read the report.

Fukushima is a second-generation Japanese-American. He once studied in Japan. He became the president of the ACCJ after working at the USTR Japan Desk for five years under the Reagan

TOKYO 00001925 013 OF 013

and Bush administrations.

The US government at the time was at an impasse in negotiations to cut the US trade deficit with Japan. The US dispatched USTR Japan Desk Director General Charles Lake, now ACCJ chairman, to Japan nine months after the Fukushima report was issued. The aim

was to convey to the Japanese side the US policy shift to seeking deregulation from Japan. The US interests coincided with those of the Ministry of International Trade and Industry and the Japan Business Federation (Keidanren), which believed that free competition was the way to enhance Japan's competitiveness.

Washington in November 1994 presented its first annual US-Japan Enhanced Initiative on Deregulation and Competition Policy to Japan. Fukushima revealed: "Japanese business leaders, government officials, and politicians once asked us to include their requests in our report." A senior official of the Keidanren administrative office categorically said: "We have used gaiatsu, when needed. The US is the only country to rely on when we want to use gaiatsu."

The Regulatory Reform Committee, chaired by Miyauchi, in November 2000 invited US Ambassador Foley. He explained the US-Japan Enhanced Initiative on Deregulation and Competition Policy there. One committee member said, "It is regrettable that the US has not come up with a view calling for deregulation of the strongly regulated medical services area. Deregulating this area will help the US increase its business opportunities."

As foreign companies operating in Japan employ more Japanese employees, Japanese individual members of the ACCJ have come to account for 60% of its total membership -- approximately 3,000.

Requests filed by those Japanese employees, who are versed in Japan's corporate society, are making gaiatsu more powerful.

In 2001, the ACCJ chose Miyauchi as its person of the year. It was to honor his many years of vigorous activities for deregulation and structural reforms.

In mid-February this year, about 40 ACCJ members split up and visited influential lawmakers and government agencies. This is a lobbying activity called the Diet-door knock. The ACCJ's action policy for this year is to serve as a supporter for Japan's reform.

SCHIEFFER